

From: DMHC Licensing eFiling

Subject: APL17-014 (OFR) – SB 546 Implementation – Large Group Renewal Notice Requirements

Date: Monday, October 30, 2017 3:03:00 PM

Attachments: APL17-014 (OFR) – SB 546 Implementation – Large Group Renewal Notice (10.30.17).pdf

Dear Health Plan Representative,

Please see the attached APL from the DMHC's Office of Financial Review.

Thank you.

ALL PLAN LETTER

DATE: October 30, 2017

TO: Full-Service Health Plans Offering Large Group Coverage

FROM: Pritika Dutt
Deputy Director, Office of Financial Review

SUBJECT: APL 17-014 (OFR) SB 546 IMPLEMENTATION – LARGE GROUP
RENEWAL NOTICE REQUIREMENTS

California Health and Safety Code section 1374.21, subdivision (a), as amended by SB 546 (Leno, 2015), requires all commercial full-service health care service plans (“plans”) to comply with new disclosure requirements relating to large group renewal notices. Specifically, no change in premium rates or changes in coverage stated in a group health care service plan contract shall become effective unless the plan has delivered in writing a notice indicating the change or changes at least 60 days prior to the contract renewal effective date. For the purpose of this section, large group plans include In Home Support Services (IHSS) products. This letter provides plans with confirmation of the timing and content requirements of the notices.

Timing

Plans shall comply with the renewal notice requirements and the inclusion of the 2018 average rate increases for CalPERS and Covered California no later than March 2018 renewals.

Content

Renewal notices delivered by plans shall include a statement comparing the proposed rate change stated in a group health plan service contract to the average rate increases negotiated by CalPERS and by Covered California. The statement must include information on whether the rate change is greater than, less than or equal to the CalPERS and Covered California average rate increases. The Department has confirmed and will post on its website the following average rate increases for use in the notices:

CalPERS = 2.51% for calendar year 2018

Covered California = 21.1% for individual market products in calendar year 2018

These percentages shall be used until the Department and CDI provide updated rates, likely in late 2018. The Department encourages plans to include the actual percentages for CalPERS and Covered California in the notice. Alternatively, plans can include information or a link to the Department's website (see below) for more information on the specific average rate increases used in the comparison.

<http://www.dmhc.ca.gov/HealthCareinCalifornia/PremiumRateReview/HealthCareCosts.aspx#.WfJ38U2ovcv>

Section 1374.21 also requires the notice to include information regarding the excise tax; however, the Department has confirmed the excise tax is not applicable in 2016 through 2019 and accordingly does not need to be included in the notice.

If the final rates are different from those proposed in the initial notice due to negotiations on rates or changes in benefits, plans are not required to send additional notices.

If you have any questions about compliance with the notice requirements of SB 546, please contact Wayne Thomas at (213) 576-7572.